Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Lifeline and Link Up Reform and Modernization	)	WC Docket No. 11-42
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Lifeline and Link Up	)	WC Docket No. 03-109

COMMENTS OF TRACFONE WIRELESS, INC.

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SUMMARY

TracFone, a major provider of Lifeline service as an eligible telecommunications carrier, and a pioneer in the provision of free, rather than discounted, wireless Lifeline services, supports reasonable and responsible efforts to enhance efficiencies in the low-income program, provided that such changes be non-discriminatory and competitively neutral, and provided further that they do not impede the reason for the Lifeline program -- to provide affordable telecommunications service to low-income consumers. Given the historic failure of Lifeline providers to reach more than about one-third of qualified low-income households (in many states, much less than one-third), the Commission should avoid changes which further complicate Lifeline enrollment or which force qualified participants out of Lifeline.

The Commission should require all ETCs to implement 60 day non-usage policies under which customers who do not use Lifeline services for prolonged periods without justification are de-enrolled. That requirement should be modeled on the non-usage policy implemented by TracFone in more than 30 states where it provides Lifeline service as an ETC.

Lifeline customers should not be required to pay either mandatory recurring charges or "up front" enrollment charges in order to receive Lifeline benefits. Those ETCs who deliver quantities of free wireless airtime to Lifeline customers rather than discounts off of monthly billed charges have reached millions of low-income households to whom any charge would be a barrier to enrollment in Lifeline. Furthermore, there is no evidence either that mandatory charges would prevent waste, fraud, and abuse of USF resources or that a non-usage policy would not be just as effective at preventing low-income support going to non-users.

The low-income program should not be capped. To do so would deny needed support to many low-income households who apply for benefits after each year's capped amount is reached.

Funding caps as proposed in the Notice have no place in programs intended to benefit the needy, and that includes Lifeline.

In considering changes to Lifeline enrollment criteria, the Commission should continue to carefully balance prevention of waste, fraud and abuse with avoidance of barriers which impede qualified low-income households from enrolling. Under no circumstances should the Commission require Lifeline applicants to produce documentation of program-based eligibility. As the industry and the Commission learned during the Hurricane Katrina emergency Lifeline program in 2005 and 2006, many customers seeking support were unable to produce documentation and were denied support. Having learned from that experience, the Commission should not require documentation of program-based eligibility.

ETCs should not be required to verify the continuing eligibility of their entire Lifeline customer bases. However, TracFone recommends that all ETCs be required to obtain from each of their Lifeline customers self-certification that the customer remains head of household and only receives Lifeline-supported service from that ETC.

TracFone favors coordinated enrollment provided that it not be implemented in a manner which rewards incumbency or favors any ETC. TracFone also supports pro rata Lifeline benefits for partial month services but not when an ETC provides a full month of usage benefits without regard to when during the month the customer enrolls.

The Commission should not allow for different levels of Lifeline support to be provided to ETCs based on technology or business model. If Lifeline support amounts available to ETCs are uniform, those ETCs who provide the greatest amount of service benefits to consumers will have the best opportunity to succeed in the marketplace. Similarly, the Commission should not establish mandatory service levels. In the past, ETCs have enhanced their Lifeline offerings based on competition and on consumer demand. That has occurred without Commission or state imposition of mandatory service levels.

Consumer outreach and advertising requirements should not be imposed. ETCs will engage in meaningful outreach based on incentives to market their Lifeline services to consumers, not based on Commission requirements.

One way which the Commission can -- and should -- reduce waste, fraud, and abuse of the low income programs is to limit ETC receipt of Link Up support to those situations where ETCs actually impose customary service commencement charges on their customers and where customers actually are required to pay those charges.

Finally, TracFone has long been a proponent of broadband support programs for low-income consumers and as long ago as 2008 petitioned the Commission to establish a broadband pilot program based on Lifeline. It continues to support such programs, but reminds the Commission that a major barrier to broadband adoption is broadband Internet access device costs. It will be necessary to subsidize such devices for any broadband pilot program for low-income consumers to be successful.

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COMMENTS OF TRACFONE WIRELESS, INC.

TracFone Wireless, Inc. ("TracFone"), by its attorneys, hereby submits its comments in response to the notice of proposed rulemaking issued in the above-captioned proceedings.[1] In the Notice, the Commission proposes to implement a series of reforms to the low-income programs supported by the federal Universal Service Fund ("USF"). Those proposals are based, in part, on recommendations provided to the Commission by the Federal-State Joint Board on Universal Service.[2] TracFone is one of the nation's leading providers of wireless Lifeline service and the success of its innovative SafeLink Wireless® Lifeline program has brought more than three million low-income households onto the roles of households receiving Lifeline support. Accordingly, TracFone has a profound interest in many of the proposals set forth in the Commission's Notice.

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[1] Lifeline and Link Up Reform and Modernization, *et al.*, Notice of Proposed Rulemaking, WC Docket No. 11-42, CC Docket No. 96-45, WC Docket No. 03-109, FCC 11-32, released March 4, 2011 ("Notice" or "NPRM").

[2] Federal-State Joint Board on Universal Service; Lifeline and Link Up, Recommended Decision, 25 FCC Rcd 15598 (Jt. Bd. 2010) ("Recommended Decision").

Introduction

Universal service has been a bedrock principle of our nation's telecommunications policy for nearly a century and, in fact, predated enactment of the Communications Act of 1934, as amended.[3] Enactment of the Telecommunications Act of 1996 for the first time codified into the Act universal service as an express statutory requirement. The universal service provisions of Section 254 and the provisions of Section 214(e) governing designation of Eligible Telecommunications Carriers ("ETCs") contain numerous statements regarding the purposes and intent of universal service as a statutory requirement. Of those, two provisions are especially significant and should be important factors to be considered as the Commission addresses proposals to reform the low-income program.

The first critically important provision is Section 254(b)(3). That subsection states, in relevant part, as follows: "Consumers in all regions of the Nation, **including low-income consumers**, . . . should have access to telecommunications and information services, . . . that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.[4] The highlighted words "including low-income consumers" reflect Congress's intent for the first time that the national policy is to provide universal service support for telecommunications service to low-income persons as well as to those persons residing in rural, insular and otherwise high cost areas. Although the Commission already had established earlier, more limited versions of Lifeline and Link Up in 1987, enactment of Section 254(b)(3) elevated low-income support a matter of national policy. Indeed, affordable telecommunications service for low-income consumers has, since 1996, been the law of the land.

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[3] 47 U.S.C. § 151 *et seq.* ("Communications Act" or "Act").

[4] 47 U.S.C. § 254(b)(3) (emphasis added).

The second critically important statutory provision is Section 254(c)(1). That subsection defines universal service, in part, as an "**evolving level of telecommunications services** that the Commission shall establish periodically . . . taking into account advances in telecommunications and information technologies and services."[5] Indeed, universal service is an evolving level of telecommunications services. The level of services which warranted support in 1987, 1996, or even 2002 is not the level of services to which USF support, including low-income support, is appropriate for 2011 and beyond as the nation continues its rapid movement into the Information Age. As services expand and technologies change, the Commission should avoid imposition of restrictions and limitations on the low-income program which have the unintended consequence of depriving low-income households of important advancements in telecommunications technology and service capabilities. More specifically, the Commission should not proceed on the assumption that the circa 1987 model of Lifeline support, *i.e.*, USF-subsidized discounts off of incumbent local exchange carriers' ("ILECs'") monthly basic local exchange service rates, should continue to be the only or even the primary model for Lifeline programs.

In this regard, few, if any technological developments have done more to change telecommunications expectations and needs of consumers than has the advent and growth of wireless services. In 1987, wireless service was: 1) analog; 2) expensive; and 3) used primarily by business users and affluent consumers. In 2011, cell phones are: 1) digital (3G and becoming 4G); 2) less expensive than they were in 1987; and 3) used by all manner of consumers -- young and old, business and residential consumers, rural and urban consumers. An evolving level of telecommunications services for purposes of universal service support necessarily must recognize the role of wireless as an essential service for millions of Americans

[5] 47 U.S.C. §254(c)(1) (emphasis added).

TracFone has brought about significant changes to the low-income program, specifically to the Lifeline program.[6] In 2005, TracFone became the first carrier to whom the Commission exercised its statutory authority to forbear from application or enforcement of the requirement that ETCs provide USF-supported service, at least in part, using their own facilities. In 2008, the Commission designated TracFone as an ETC for the limited purpose of providing Lifeline service to qualified low-income households in ten states and the District of Columbia.[7] Since that time, TracFone has been designated as a Lifeline-only ETC in 25 additional states and is currently offering Lifeline service under the brand name SafeLink Wireless® in most of the 36 states where it has been designated as an ETC. Currently, more than three million qualified low-income households are enrolled in that program.

Unlike traditional Lifeline services of ILECs and other ETCs, TracFone's Lifeline program is not built upon a monthly USF-supported discount off of standard local service rates. Instead, TracFone provides its Lifeline customers with specified amounts of monthly wireless airtime at no charge. Although TracFone offers three Lifeline plans which afford Lifeline customers a choice, most of its Lifeline customers select the plan which provides them with 250 minutes of airtime per month. Those minutes may be used for calls to anywhere from anywhere in the United States. They may be used to call across the street, across town, across the state, or

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[6] TracFone does not participate in Link Up and is prohibited from doing so by the conditions imposed on TracFone in the Commission's 2005 order conditionally granting its request for forbearance from the facilities-based service requirement of 47 U.S.C. § 214(e)(1)(A) and 47 C.F.R. § 54.201(i). Federal-State Joint Board on Universal Service and Petition of TracFone Wireless, Inc. *et al.*, 20 FCC Rcd 15095 (2005) ("TracFone Forbearance Order"). Accordingly, TracFone's comments will focus on Lifeline reform and will not specifically address Link Up except to the extent that TracFone supports the Commission's proposal set forth at paragraphs 71 through 79 of the Notice to limit Link Up support to customary service commencement charges, *i.e*., charges which are routinely imposed on all customers. *See* Section XIV*, infra.*

[7] Federal-State Joint Board on Universal Service; TracFone Wireless, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the State of New York, *et al.*, 23 FCC Rcd 6206 (2008).

across the country. They may also be used to call when away from home -- even far away from home -- as there are no separate roaming charges. TracFone Lifeline customers also receive at no additional charge important vertical features such as caller ID, call waiting, and voice mail -- service features for which most other ETCs charge their Lifeline customers separately without any Lifeline-supported discount. Finally, TracFone provides each qualified Lifeline customer with an E911-compliant wireless handset. Those handsets are funded by TracFone, not by the USF, and are part of TracFone's investment in the Lifeline program to make the program succeed.

Other ETCs have begun to offer Lifeline services similar to TracFone's model. Some of those ETCs are, like TracFone, mobile virtual network operators ("MVNOs") (*i.e.*, they provide service on a resale basis) and were designated as ETCs only following exercise by the Commission of its authority to forbear from Section 214(e)(1)(A).[8] Others provide service, at least in part, over their own facilities. For example, one ETC -- Virgin Mobile -- was granted forbearance by the Commission since, at the time, it was a MVNO which provided service exclusively on a resale basis. Subsequently, that company was acquired by Sprint Nextel and the Commission reclassified it as a facilities-based ETC. Still others, such as, for example, Nexus Communications and Great Calls, Inc., claim to be facilities-based either because they purchase wireline unbundled network elements from ILECs or because they claim to use their own operator service and directory assistance centers. All of those companies have commenced or announced plans to commence no-charge Lifeline programs similar to TracFone's Lifeline program.

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[8] Several such ETCs are identified in the NPRM at n. 49, including Head Start, Consumer Cellular, and Midwestern Telecommunications, Inc.

Throughout the Notice, the Commission describes the growth of the low-income programs and attributes much of that growth to these free wireless Lifeline plans. The Commission also notes that waste, fraud, and abuse of USF resources needs to be addressed, detected where it exists, and prevented. TracFone, as both a recipient of substantial USF funds which it uses to provide Lifeline service to more than three million low-income households, and as a contributor of significant amounts to the USF, shares those concerns and encourages the Commission to take responsible, equitable and competitively neutral steps to curtail waste, fraud and abuse.

However, the Commission must remain mindful of the fact that as the steward of the USF and the primary regulator of the low-income programs, it needs to strike a careful balance between making Lifeline a consumer-friendly program which facilitates qualified low-income households enrolling in the program and remaining enrolled so long as they remain qualified, on the one hand, with detecting, preventing, and eliminating participation in violation of the requirements of the program on the other hand. As will be explained in greater detail in these comments, TracFone respectfully urges the Commission to avoid reforms which deny Lifeline support to qualified households or which unduly complicate the enrollment process and unfairly impede enrollment by the persons who are the program's intended beneficiaries -- low-income consumers.

I. Debunking a Few Myths

Before addressing the specific proposals set forth for comment in the Notice, TracFone would like to address a few inaccuracies in the Notice.

Myth No. 1 - The Lifeline program was never intended to provide a profit for service providers.[9] It is not entirely clear what the point of this statement is, but it is not correct. Lifeline support always has provided a profit for ETCs. Initially, ETCs were ILECs whose allowable local service rates were subject to regulation, either based on cost of service or on some variant (depending on the state) of price regulation. For rate-regulated ETCs, those rates were established at levels which enabled those carriers to recover their costs plus earn a reasonable profit. The profit was the same irrespective of whether the rate was recovered in full from the customer or, in part from the customer and in part from the USF. In this regard, Lifeline support always has contributed to the profits of ETCs.

Myth No. 2 - Lifeline provides discounts of up to $10.00 on monthly telephone charges.[10] In fact, pursuant to the Commission's rules, specifically, 47 C.F.R. § 54.403, ETCs may recover up to $10 from the USF. The actual amount is based, in part, on the Subscriber Line Charge of the ILEC serving the applicable geographic area. More importantly, in order for the ETC to receive the full $10.00 from the USF, there must be an additional contribution either from a state program or from the ETC such that the customer receives a total benefit of up to $13.50 (depending on the Subscriber Line Charge). In TracFone's case, it has never received support from any state fund, and it provides a monthly benefit calculated on a pass through of the full $13.50 with the additional $3.50 (above the USF support amount) being paid by TracFone. The important point is that the consumer benefit (whether in the form of a "discount" or in TracFone's case, free service) is based on $13.50 -- not $10.00.

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[9] Notice, ¶ 14.

[10] *Id.* ¶ 16.

Myth No. 3 - So-called prepaid wireless ETCs have caused the low-income program costs to grow from $221 million in 1997 to $1.3 billion in 2010.[11] The size of the low-income program in 1997 does not seem very relevant since that was prior to full implementation of the low-income program rules promulgated by the Commission following enactment of the 1996 Act. A more relevant comparison might be between Lifeline participation and related costs shortly after implementation of those rules, and 2010. According to Commission data, total Lifeline enrollment in 2002 was 6,558,560 households.[12] In 2009, Lifeline enrollment was 8.6 million.[13] In short, between 2002 (6 years before the first so-called "prepaid wireless" Lifeline plan became available) and 2009 (the first full year that any "prepaid wireless" Lifeline service was available in any state), Lifeline enrollment increased by 2,041,440 (8,600,000 - 6,558,560). Assuming that all of those additional 2,041,440 customers received Lifeline support at the rate of $10 per month for all twelve months of 2009 --a virtually impossible assumption since TracFone -- the first such provider -- received ETC designations throughout the year in 2009, the total additional support would have been $244,972,800 (2,041,440 x $120). An increase of under $250,000,000 in Lifeline support as a result of additional enrollment does not explain the growth between $221 million in 1997 and $1.3 billion in 2010. This is not to suggest that there has not been growth in the low-income program. Nor is it to suggest that the success of TracFone and other ETCs in reaching millions of low-income households previously not benefitting from Lifeline has not contributed to that growth. Rather, it indicates that the magnitude of the growth

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[11] *Id.* ¶ 27.

[12] Lifeline and Link-Up, Report and Order and Further Notice of Proposed Rulemaking, 19 FCC Rcd 8302 (2004), at Appendix K - Section 1: Baseline Information Table 1.A. Baseline Lifeline Subscription Information (Year 2002).

[13] Notice, ¶ 25 (citing 2010 Universal Service Monitoring Report at Table 2.1).

has not been explained and there seems to be no basis for attributing the bulk of that growth to prepaid wireless Lifeline services.

Myth No. 4 - Duplicate enrollment is caused by branding of certain ETCs. At paragraph 50 of the Notice, the Commission suggests that enrollment by consumers in multiple ETCs' Lifeline programs may be caused by the manner in which certain ETCs brand their Lifeline offerings.[14] Much of the Notice discusses the serious problem of duplicate enrollment. Later in these comments, TracFone will discuss in detail how to detect and prevent such duplicate enrollment. There are many reasons why that occurs. How commercial enterprises brand their products being offered in a competitive marketplace is not one of those reasons. TracFone, like other ETCs, is required to subject its customers to a certification of eligibility process. That process includes completion of enrollment application forms, many of which are either developed by or approved by state commissions. In all cases, those enrollment forms clearly state that the customer is enrolling in a Lifeline-supported program. No customer may enroll in TracFone's Lifeline program or, presumably, any other ETC's Lifeline program, without being made aware of the fact that he/she is enrolling in a Lifeline program.

Indeed, state-mandated Lifeline enrollment processes can -- and sometimes do -- have the unintended effect of causing duplicate enrollment. For example, Texas has an automatic enrollment system in which Texas residents with existing telephone service who enroll in a qualifying Lifeline program (*e.g.*, Medicaid) are automatically enrolled in the local ILEC's Lifeline program. The invoices which those customers receive are discounted based upon the Lifeline subsidy. However, the invoices do not indicate either that the customer is enrolled in

[14] *Id.* ¶ 50 ("The risk of consumers inadvertently obtaining duplicate supported services is aggravated by the fact that some Lifeline providers brand their program offerings with names that do not necessarily make clear that the offerings are supported by Lifeline, *e.g.*, "Assurance" or "SafeLink Wireless.").

Lifeline or that the billed amount includes a Lifeline-funded discount. As a result, Texas Lifeline customers often do not know that they are enrolled in Lifeline. The point here is not to criticize the Texas Public Utilities Commission or the state's Lifeline administrator, both of whom have worked cooperatively with TracFone to find ways to facilitate enrollment in SafeLink Wireless®. Rather, it is to point out that existing enrollment procedures having nothing to do with product branding of competitive ETCs have been a cause of duplicate enrollment.

Myth No. 5 - Waste, fraud and abuse can be prevented by having the Universal Service Administrative Company ("USAC") seek to recover funds from ETCs who have Lifeline customers enrolled in multiple programs. While there is no disagreement that duplicate enrollment is wrong and should be stopped, the suggestion that ETCs who in good faith and in full compliance with applicable rules relied on certifications of eligibility by customers who misrepresented their entitlement to Lifeline support will not prevent waste, fraud and abuse. What it would do is deter ETCs from engaging in meaningful outreach efforts to raise awareness of their Lifeline programs. When a consumer conceals the fact that he/she or someone else in their household is receiving Lifeline benefits from another ETC, that consumer should be de-enrolled from the program and subject to other appropriate sanctions. Both ETCs who enrolled members of that household in their Lifeline programs did so in good faith and in compliance with applicable rules in effect at the time. Moreover, both ETCs incurred significant expenses to serve those customers. They provided service either by allowing their networks to be used or, in the case of MVNOs, by purchasing network service from underlying carriers; they responded to customer complaints; they invested in advertising and marketing to make consumers aware of Lifeline; in TracFone's case, it even provided handsets to those customers at its own cost. To impose financial penalties on ETCs who comply with applicable rules for the misdeeds of certain of their customers will increase their costs of providing Lifeline services and reduce their incentives to make Lifeline meaningfully available to those who need it and are entitled to it.

II. At Long Last, Lifeline Has Begun to Fulfill Its Promise

The Commission's oft-repeated concerns about waste, fraud, and abuse in the Lifeline program are valid concerns and warrant careful study and corrective action. However, those concerns need to be placed in context. While recent audit results indicate that there are Lifeline customers who are enrolled in multiple ETCs' Lifeline programs, and that some customers may remain enrolled even after they no longer qualify for Lifeline support, the vast majority of enrolled Lifeline customers of TracFone and of most ETCs are lawfully enrolled, and are fully entitled to Lifeline benefits. More importantly, most of the growth of the low-income programs in general and Lifeline in particular is not the result of duplicate enrollment or enrollment by persons not qualified for Lifeline support. Rather, that growth is the result of increased numbers of qualified households actually enrolling in Lifeline. That would not have occurred but for efforts by certain ETCs to aggressively market their Lifeline and to educate qualified households that they are eligible for this important federal benefit. That increased participation by qualified consumers should be applauded and encouraged. It is not a cause for reforms which will deter continued growth in enrollment and -- even worse -- cause a return to the unacceptably low participation rates of prior years.

Even with the growth of alternative Lifeline offerings like TracFone's free service, the Lifeline participation rate is still about 33 percent.[15] Stated conversely, the national non-participation rate is about 67 percent of qualified low income households. In many states, the participation rate is far lower. According to the USAC Lifeline Participation Rates by State chart

[15] Notice, ¶ 25.

which is reproduced on page 11 of the Notice, five states -- Indiana, West Virginia, Maryland, Delaware, and Hawaii -- have Lifeline participation rates below ten percent. Thirteen other states have participation rates under twenty percent.[16]

A low-income benefits program which fails to reach the vast majority of its intended low-income beneficiaries can hardly be deemed a success. Comparable non-participation levels of other benefits program would be a national embarrassment. Would government departments be focused on waste, fraud and abuse in the National School Lunch Program if 67 percent of the eligible children were not receiving those lunches? Would the Indiana officials who administer the Supplemental Nutritional Assistance Program (f/k/a Food Stamps) or Medicaid in Indiana consider those programs successful if more than 90 percent of Indiana's low income households eligible for food stamps or for Medicaid care were not receiving those benefits? Of course not!

As the Commission considers reforms to the low-income program to make them more efficient, and to find the resources needed to fund supported broadband services for qualified low-income households -- an effort which TracFone also supports -- the Commission should avoid actions or changes which impede the availability of Lifeline support to those households who qualify and who need the support to obtain affordable telecommunications service of their choice -- wireline or wireless.

III. Procedures to Detect and Prevent Duplicate Enrollment Should Be Implemented

Atop the list of Commission's proposals for Lifeline reform are steps to prevent households from enrolling in multiple ETCs' Lifeline programs. Although never codified as a Commission regulation, the Commission has had in place for several years a policy limiting Lifeline support to one line per household. In the Notice, the Commission proposes to

[16] Those states include Arizona, Kansas, Kentucky, Louisiana, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Hampshire, Oregon, South Carolina, and Wyoming.

promulgate a rule which would limit Lifeline-supported service to one line per residential address. Such a rule is, in principle, well-intended and appropriate. The challenge will be how to craft the rule so that it prevents multiple enrollments while, at the same time, recognizing that neither the term "household" nor the term "residential address" are easily defined, and that some flexibility must be retained to allow for atypical circumstances.

A rule limiting supported services to one per residential address needs to allow for the fact that unrelated persons who are not members of the same household and who are otherwise qualified to receive Lifeline support may reside at the same street address. Examples of such situations include the following:

a. A duplex house or apartment with one family (or individual) residing on one floor and another family (or individual) residing on another floor. They live entirely separately; they have separate entrances; they have separately metered utilities; they may not even know each other. However, they have the same street address. If both residential units are inhabited by qualified low-income households, a rule which would only allow one of the two otherwise qualified households to enroll in Lifeline would be unfair and would do nothing to advance the statutory goal of making available affordable telecommunications service to low-income consumers throughout the nation.

b. Homeless shelters and other group living facilities. As TracFone raised with the Commission in a letter in 2009, residents of homeless shelters often would qualify for Lifeline support. More importantly, the advent of wireless Lifeline service makes it possible to provide Lifeline-supported service to persons with no permanent residential address. Such persons often are among those who most need a source for telecommunications service. However, there needs to be in place a mechanism which would allow more than one unrelated resident of the same shelter to receive support.[17]

Although numerous comments were received in response to the Commission's public notice supporting availability of Lifeline at homeless shelters and other group living facilities, to date, no action has been taken. On an interim basis, TracFone has implemented a limited program in consultation with Commission staff. Under that program, residents of homeless shelters may enroll in Lifeline if their applications are signed by the manager of the shelter who indicates that no other member of the applicant's family is receiving benefits while a resident of the center. To date, this has been a very limited program available only in two states. At the request of the Commission staff, TracFone has not actively promoted its Lifeline service to residents of shelters. As a result, fewer than 100 persons have been enrolled. Nonetheless, TracFone believes that this system holds promise and warrants further development by the Commission in this proceeding.

c. Hogans and other group living facilities in tribal communities. As other commenters have explained, members of tribal communities often reside in multifamily dwelling units which often have no street addresses. In the Navajo Nation, for example, these are called hogans. Since TracFone does not currently provide Lifeline service to tribal communities, it will not comment specifically on the Lifeline issues specifically applicable to tribal lands. However, this is another example of why a one per residential address rule must be sufficiently flexible to accommodate atypical situations.

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[17] *See* Notice, n.82 (citing Comment Sought on TracFone Request for Clarification of Universal Service Lifeline Program "One-Per-Household" Rule As Applied to Group Living Facilities, WC Docket No. 03-109, Public Notice, 24 FCC Rcd 12788 (Wireline Comp. Bur. 2009).

With respect to detecting duplicate enrollment situations and preventing their occurrence, the Commission must realize that these are separate problems which warrant separate solutions. Under the existing rules and the information available to ETCs, no ETC -- wireline or wireless; prepaid or postpaid -- has access to the information necessary to determine whether an applicant for enrollment in that ETC's Lifeline program is enrolled in another Lifeline program or whether any member of his/her household is so enrolled. As the Commission acknowledged in the Notice, as a condition of forbearance, the Commission subjected TracFone to a unique requirement designed to prevent double enrollment. TracFone must obtain from applicants certification at the time of enrollment and annually thereafter that the applicant is head of household and receives Lifeline service only from TracFone.[18]

Neither TracFone nor any other ETC is able to independently confirm the accuracy of those self-certifications. Unless and until such time as there exists a data base accessible to all ETCs which would indicate whether any applicant or member of the applicant's household is enrolled in another ETC's Lifeline program, ETCs have no alternative other than to accept the applicant's self-certification. As recent audit reports have demonstrated, not all such self-certifications are correct.

In January 2011, the Chief, Wireline Competition Bureau, sent a letter to USAC setting forth a procedure to be followed in cases of such duplicate enrollments.[19] Several ETCs, including TracFone, were concerned that the procedures described in Bureau Chief Gillett's letter would not be workable and would create a variety of consumer-related and service-related problems. As a result, those ETCs sought reconsideration and stay of the letter. Following the

[18] Other ETCs subject to forbearance have been made subject to the same condition.

[19] Letter from Sharon Gillett, Chief, Wireline Competition Bureau, to Richard Belden, Chief Operating Officer, USAC, DA 11-110, issued January 21, 2011.

reconsideration request, several ETCs and Commission staff embarked upon a series of discussions looking toward establishment of interim procedures to address duplicate enrollment situations. By letter dated April 15, 2011, a broad-based coalition of ETCs submitted to the Commission a proposed interim arrangement for de-enrolling customer enrolled in multiple Lifeline programs.[20] Those procedures will involve the cooperative efforts of industry, USAC and the Commission. Once implemented, those customers who are enrolled in multiple Lifeline programs will be notified and given a brief period to select which of the Lifeline programs in which they wish to remain enrolled. Customers who fail to select a provider will be allocated to one of the Lifeline programs in which they were enrolled, and will be de-enrolled from the other program. Following de-enrollment, ETCs will no longer receive USF support for de-enrolled customers.

Those interim procedures will provide an efficient and fair method for resolving duplicate enrollment situations and terminating payment of USF support to multiple ETCs. The interim procedures will NOT prevent duplicate enrollment from occurring. Until such time as all ETCs have access to data base information which will enable them to determine on a real time basis whether an applicant already is enrolled in another ETC's Lifeline program, the potential for duplicate enrollment will continue to exist. Accordingly, TracFone strongly urges the Commission to mandate the development and implementation of a national data base of enrolled Lifeline customers at the earliest possible time. Such a data base need not afford any ETC access to any other ETC's competitively sensitive business information, nor would it provide any ETC

[20] See letter filed in WC Docket No. 11-42, CC Docket No. 96-45, and WC Docket No. 03-109. Signatories to that interim proposal include the United States Telecom Association, AT&T, Cox Communications, Inc., Nexus Communications, Inc., TracFone Wireless, Inc., CTIA-The Wireless Association®, CenturyLink, General Communication, Inc., Sprint Nextel Corp., and Verizon Communications, Inc.

with access to any customer's Customer Proprietary Network Information in violation of Section 222 of the Communications Act or the Commission's rules implementing Section 222.[21] The only information which any ETC would need to access is whether a Lifeline applicant is enrolled in a Lifeline-qualifying program and whether the applicant or any member of an applicant's household currently is receiving Lifeline-supported service from any other ETC. The costs of construction and maintenance of the database should be funded by assessments on all ETCs who have customers enrolled in Lifeline-supported services.

IV. To Prevent ETCs Receiving USF Support for Enrolled Customers Who Do Not Use Their Lifeline Service, the Commission Should Adopt a Non-Usage Policy

Both the Joint Board in its Recommended Decision and the Commission in the Notice have raised concerns about ETC providers of Lifeline service, especially free service like that offered by TracFone and other ETCs, receiving support from the USF month after month for customers remain enrolled in their Lifeline programs but who no longer use the service. TracFone is familiar with the issue of non-usage as it has worked through that issue with state commissions as part of the ETC designation process and has implemented a nationally-uniform non-usage policy in all states where it offers Lifeline service as an ETC.

The issue of ETCs receiving Lifeline support for non-using enrolled customers was first raised with TracFone by the Wisconsin Public Service Commission in 2009. Those discussions resulted in development of TracFone's 60 day non-usage policy. Under that policy, when an enrolled Lifeline customer has had no usage of his/her SafeLink Wireless® service for 60 days, TracFone attempts to contact the customer. Customers who are contacted are asked whether they intend to continue to use the service and whether they wish to remain enrolled. Those customers who indicate that they intend to remain in the Lifeline program stay enrolled. Those

[21] 47 U.S.C. § 222; 47 C.F.R. Part 64 subpart U (Customer Proprietary Network Information).

who indicate that they do not wish to remain in the program are immediately de-enrolled. Those customers who do not respond to the attempts to reach the customers are immediately de-enrolled following expiration of a 30 day period.

This process results in de-enrollment and removal from the Lifeline support roles of those customers who do not wish to remain in the program and who have not responded. The non-usage policy has worked well. Since the program's inception, TracFone has de-enrolled more than 700,000 non-users pursuant to its non-usage policy. Those de-enrollments have resulted in conservation of significant USF resources. TracFone encourages the Commission to promulgate a mandatory 60 day non-usage rule based upon that which TracFone has implemented in more than 30 sates. The rule should be applicable to all ETCs -- wireline and wireless; postpaid and free service ETCs. There is no factual basis for the suggestion that only wireless ETCs offering free Lifeline services may receive Lifeline support for periods when their customers do not use their Lifeline service. Under current rules, there is nothing to prevent a wireline ETC offering USF-funded discounts on monthly service plans from receiving USF support for periods when the enrolled customers makes no use of the service. A customer may be on prolonged travel; receiving medical treatment in a hospital; or simply not using telephone service. Under any of those circumstances, the ETC receives monthly USF support for periods when its Lifeline customers are not using their Lifeline service. For that reason, any non-usage rule should be made applicable on a nondiscriminatory, competitively neutral basis to all ETCs, without regard to any ETC's chosen technology or Lifeline business model.

V. Mandatory Charges for Lifeline Service Should Not Be Required. Imposition of Such Charges Would Make Lifeline Service Unavailable to Low-Income Households

In the Notice, the Commission proposes and invites comment on a proposal to require that all Lifeline services be subject to mandatory minimum charges or, alternatively, to require that all Lifeline customers pay a one time "up front" service commencement charge.[22] This proposal appears to be based on a wholly unsupported theory described in the Joint Board Recommended Decision that free Lifeline services like that provided by TracFone somehow cause irresponsible customers to enroll and remain enrolled in Lifeline without having any intent to actually use the service. This theory is unsupported and unsupportable. There is no evidentiary basis for the novel proposition that the availability of free Lifeline services is a cause of waste, fraud and abuse. Moreover, the mandatory charge proposal seems to disregard the fact that there exist other mechanisms for eliminating non-users from Lifeline programs without depriving low-income households of an invaluable free service.

To be blunt, the proposal to require low-income Lifeline-eligible households to pay for Lifeline services when there exist ETCs who are willing to utilize the entirety of their USF support to provide free, rather than discounted, service to Lifeline customers is a terrible idea which should be summarily rejected by the Commission.

At the outset, it is important to recognize that the amount of Lifeline support from the USF available to any ETC is based upon the support levels codified at Section 54.403 of the

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[22] A mandatory "up front" service commencement fee would be a *de facto* service activation or commencement charge. Such charges, when customarily applicable, are entitled to Link Up support from the USF. TracFone has never imposed activation or commencement charges. Moreover, TracFone and other ETCs subject to the Commission's forbearance conditions may not recover Link Up support even if they do have customary activation charges. Imposition of mandatory commencement charges on Lifeline customers would be legally problematic in light of the fact that some ETCs could recover those charges through Link Up, while others, *i.e.*, those subject to forbearance, could not.

Commission's rules. Depending on ILEC Subscriber Line Charges and whether there is a matching state program, ETCs may receive up to $10.00 per Lifeline customer per month from the USF.[23] If an ETC elects to utilize that $10.00 to provide a subsidized discount off of its standard monthly rates, that is its choice. If another ETC elects to utilize that same $10.00 to provide a quantity of free service, that is its choice. One of the most profound public interest benefits of the emergence of non-ILEC ETC Lifeline providers, including, specifically, wireless ETCs such as TracFone, is that for the first time, low-income households may enjoy the benefits of competition and the advent of competing -- and different -- Lifeline options. Some consumers will opt for traditional Lifeline plans which provide unlimited local calling (and nothing else) at a discounted monthly rate. Other consumers will select alternative plans which provide mobility, nationwide calling, and other features with no out-of-pocket expenditures. The point is not that one type of plan is superior to the other. Rather it is that now consumers have the opportunity to select the Lifeline plans -- including free plans -- which best meet their needs. No public interest benefit would be advanced by depriving low-income households eligible for Lifeline of that opportunity.

Low-income households no longer are limited to a standard Lifeline discount provided by the only ETC whose Lifeline offering is available to them. Innovation and creativity in development of telecommunications services should be encouraged, not restricted. That is so for Lifeline services as well as for other services.

TracFone has developed a Lifeline service which has attracted more than three million current low-income households. SafeLink Wireless® service has succeeded for various reasons. However, the most important reason for the success of the program is the fact that it is free. For

[23] 47 C.F.R. § 54.403. The referenced $10.00 amount is the sum of Tiers 1, 2, and 3. It does not include Tier 4 support which provides an additional $25.00 to ETCs serving tribal areas.

low-income households living near or below the poverty line, even with a $10 discount on monthly telecommunications, such services remain economically out of reach. For the first time, low-income consumers are able to obtain wireless handsets, airtime, and vertical features with no out-of-pocket expenditures. For many of those consumers, that is the only way that telecommunications service in general, and wireless service in particular, would be affordable to them.

In anticipation of this proceeding and the need to address the mandatory charge proposal, TracFone commissioned a survey of its SafeLink Wireless® customers by CRM - Market Research. According to the results of that study, more than 95 percent of surveyed customers indicated that the service should remain free. More importantly, 80 percent of responding customers indicated that they could not afford to pay a monthly charge -- even a discounted charge -- for the service. If mandatory charges were imposed, 64.3 percent of the customers surveyed indicated that they would not be willing to pay such charges and would de-enroll from the Lifeline program.

These survey results confirmed what TracFone management already had learned during the nearly three years that it has been offering Lifeline service. More than other factor, the free nature of the service attracts customers who could not afford to pay monthly charges for any telecommunications service. Indeed, aggressive advertising, marketing and outreach have been important components of the SafeLink Wireless® program. However, those efforts would not by themselves have caused more than three million low-income households to enroll. While the preceding paragraphs summarize TracFone's experience, there is every reason to expect that other providers of free Lifeline services have seen similar results.

TracFone understands and agrees with the Commission's commitment to eliminate waste, fraud, and abuse and to take steps to prevent USF funds being used to subsidize Lifeline services not being used by enrolled customers. Fortunately, that objective can be achieved by other, less draconian means than abolishing invaluable free Lifeline services. In the preceding section of these comments, TracFone has described its own non-usage policy and encouraged the Commission to codify that policy into a Commission rule and make it applicable to all ETCs providing Lifeline service. Imposition of a 60 day non-usage policy like that already in use by TracFone will ensure that customers who enroll in Lifeline programs, including free programs, who do not use their supported services, are de-enrolled from those programs and that the ETCs selected by those non-using customers no longer receive USF support for those customers. Implementation of an effective non-usage policy would obviate the need for mandatory charges to be imposed on Lifeline customers.

Not only are mandatory Lifeline charges unnecessary to prevent waste, fraud, and abuse, they would effectively make Lifeline-supported services unavailable to the lowest-income segments of the population -- those most in need of Lifeline support in order to be connected to the public switched telecommunications network. As noted above, in the quarter century since the first Lifeline rules were promulgated by the Commission, Lifeline has remained an underutilized benefit. Despite all the articulated concerns about growth of the low-income programs, the fact remains that even with that growth, only about one-third of qualified low-income households nationally are availing themselves of Lifeline benefits. Given that affordable telecommunications services to all consumers, **including low income consumers**, is a matter of national policy,[24] one would expect that the Commission as part of Lifeline reform would be

[24] 47 U.S.C. § 254(b)(3).

seeking ways to increase participation by qualified low-income households above 33 percent. It is difficult to imagine any idea less likely to increase participation, and conversely, more likely to force low-income households out of the Lifeline program, than to impose mandatory charges on Lifeline customers.

Not only would a mandatory charge requirement violate the statutory goal of making available affordable service to all consumers, including low-income consumers, it would also violate the important statutory principle of competitive neutrality codified at Section 253 of the Act. Imposition of monthly charges presupposes the existence of carrier billing systems and the ability to tender periodic invoices for those mandatory charges. Some ETCs, including TracFone, do not provide billed services. Their non-Lifeline services are offered on a prepaid basis only. Those ETCs have no existing billing systems and no present ability to bill and collect such charges. If the Commission were to require that TracFone impose a monthly charge on each of its three million Lifeline customers, it would either have to invest in a carrier billing system unnecessary for any other aspect of its business to render bills for as little as $1.00, or it would have to discontinue providing Lifeline service. A requirement which can easily be met by those ETCs with established billing systems, but that could not be met by those ETCs without billing systems, would not be competitively neutral.

In addition, Lifeline customers often have no readily available means of remitting monthly charges. For example, approximately 60 percent of TracFone's Lifeline customers do not have checking accounts and do not have credit cards or debit cards. For such customers to remit monthly charges in those circumstances, they would have to incur the additional cost of purchasing money orders or cashier's checks each month simply to pay a minimum monthly charge for Lifeline service. It makes no policy sense to require low-income customers to incur additional out-of-pocket expenditures solely to obtain a federal benefit.

For all of these reasons, the proposal to require ETCs to impose charges on their Lifeline services is discriminatory, not competitively neutral, and would limit the availability of affordable telecommunications services to low-income households. Accordingly, that proposal should be summarily rejected by the Commission.[25]

VI. Capping the Low Income Fund Would Unnecessarily Penalize Millions of Low-Income Households for Whom Low-Income Support Should Be Available

One of the Notice's proposals to restrain growth of the low-income portion of the USF is to place an annual limit or cap on low income support. Lest there be any misunderstanding, a cap would do nothing to prevent waste, fraud and abuse. What a cap would do is deny Lifeline support to thousands of qualified low-income households during a period when the nation is only slowly beginning to emerge from the most significant economic recession of the last 80 years and whose lingering impacts, including high unemployment, loss of savings, and erosion of property values, continue to disproportionately affect those on the bottom rung of the nation's economic ladder.

[25] At paragraph 87 of the Notice, the Commission postulates that mandatory charges would deter situations where activated phones are improperly transferred to third parties. Though not specific, it appears that the Commission may re referring to situations where Lifeline-supported handsets have appeared as being for sale on commercial websites such as eBay and Craigslist. Such occurrences are extremely rare. TracFone's Fraud Control Department routinely monitors such websites and takes immediate action to deactivate phones once they are listed as being for sale. It also works with site operators to have those phones delisted. To date, TracFone is aware of 21 SafeLink Wireless® handsets being listed for sale on commercial websites. While even one phone is too many, 21 phones out more than three million active enrolled Lifeline customers hardly represents a trend or a level of waste, fraud and abuse which either jeopardizes the program or warrants collection of charges from millions of low-income enrolled customers, many of whom would discontinue the service rather than pay charges which they cannot afford.

For all the rhetoric about growth of the low income portion of the USF and of the placement of responsibility for that growth on the shoulders of TracFone and other providers of alternative Lifeline programs,[26] there remains one unassailable fact -- with a 33 percent national Lifeline participation rate, the Lifeline program remains one of the most underutilized, if not the most underutilized, government-established economic assistance programs. To even propose capping the low-income fund at a time when more than two-thirds of the households who are supposed to benefit from the program are not doing so borders on the irresponsible.

The Commission's attention is directed to an article from CNN.com published on April 13, 2011 entitled "Record Number of Americans Get Government Help."[27] According to that report, one out of six Americans (nearly 17 percent) are receiving some form of governmental assistance. Enrollment in Food Stamps and Medicaid programs is at record highs. In this environment, a proposal to cap low income support at 2010 levels is shameful.[28] It is ironic that the Commission would propose to cap low income support when the very assistance programs for which participation in qualifies households for Lifeline support are not capped. Indeed, SNAP is not capped; Medicaid is not capped; the National School Lunch program is not capped; the Low Income Heating and Energy Assistance Program is not capped. What possible reason could there be to cap -- and thereby limit -- availability of Lifeline support to those who need that support and for whom the support is intended?

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[26] At paragraph 24, the Notice cites to a recent report of the Government Accountability Office which blames growth of the low-income fund in 2009 primarily on "the emergence of pre-paid wireless, Lifeline-only ETCs.

[27] For the convenience of the Commission and other parties to this proceeding, a copy of that article is attached to these comments.

[28] Notice, ¶ 145.

The Notice attempts to analogize a low-income cap to a proposed cap on the interstate common line support mechanism of the High Cost Fund.[29] That analogy disregards an important and fundamental difference between the two USF programs. A cap on the High Cost program would affect the amount of support which ETCs receive from the USF. In contrast, a cap on the low-income program would limit **who** may receive support. Once a cap amount is reached during a fiscal year, qualified low-income households seeking to enroll after that date would be turned away. A cap on the interstate common line mechanism will not cause a single customer of any carrier which receives such support to lose service. No customer of any such carrier will be turned away because of the cap. In stark contrast, a cap on low-income support in general and on Lifeline in particular will effectively deny affordable telecommunications service to those low-income households who seek support after the capped amount has been reached.

Before the Commission further considers such a cap, TracFone respectfully suggests that that Commission consider how such a cap would affect other low-income assistance programs. For example, what if the School Lunch program were capped at a certain level? Would qualified low-income children who enrolled in a school or in the program itself be denied those lunches because the cap was reached? Would applicants for Food Stamps who became eligible after the cap was reached not be allowed to receive Food Stamps? Would Medicaid-eligible low-income persons be turned away from medical offices, hospitals and clinics because their need for medical care did not arise until after the cap was reached? Unless the Commission concludes that such limits would be appropriate, it should not further consider the proposal to cap low-income support and thereby deny Lifeline assistance to those otherwise qualified low income households who deserve and need Lifeline support, but who apply for Lifeline-supported service

[29] *Id.* ¶ 142.

after the date that the annual cap is reached. There is no public interest benefit to be gained by denying support services to needy households based on government-imposed deadlines.

VII. Lifeline Enrollment Certification Requirements Should Be Nationally-Uniform and Should Avoid Placing Undue Burdens on Low-Income Households Applying for Lifeline Support

Pursuant to the current Lifeline eligibility certification requirements contained in the Commission's rules and followed in many states, Lifeline applicants seeking to qualify under the income-based qualification criteria must provide the ETCs with documentation of their income.[30] Applicants seeking to qualify under program-based qualification criteria are required to self-certify under penalty of perjury that they are enrolled in one of the enumerated qualifying programs.[31]

Now the Commission proposes to eliminate self-certification of program-based eligibility and to require Lifeline applicants in all states to provide documentation of program-based eligibility.[32] Requiring documentation of program-based eligibility would do little, if anything, to curtail waste, fraud and abuse of USF resources. However, it would significantly complicate the enrollment process for many qualified low-income consumers and would lead to an inevitable reduction in Lifeline participation levels even below the current 33 percent. Moreover, to the extent that documentation of program-based eligibility would have any impact on assuring that only persons qualified for Lifeline support receive that support, even better results can be anticipated from other mechanisms on the horizon which should be implemented in the not-too-distant future.

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[30] 47 C.F.R. § 54.410(a).

[31] 47 C.F.R. § 54.409(d).

[32] Notice, ¶ 170.

The Commission's initial decision to allow Lifeline applicants to self-certify their program-based eligibility reflected a careful balancing of two competing considerations. On the one hand, the Commission wanted to implement rules which would make Lifeline support available only to qualified low-income households. On the other hand, the Commission wisely recognized that mandatory documentation of eligibility would complicate the enrollment process causing many qualified low-income households to forego attempts to enroll. The rule requiring self-certification of program-based eligibility under penalty of perjury was a reasonable approach to balance those competing concerns. In the Notice, the Commission wisely acknowledges the continuing need to craft a careful balance between these concerns.[33]

While much has changed since the initial Lifeline eligibility rules were promulgated, some things have not changed. One factor which remains the same is that many low-income consumers do not have readily available documentation of participation in qualifying programs. Those that do have such documentation available often do not have access to telecopiers, computers with Internet access, or scanning devices necessary to deliver that documentation to their selected ETCs. Since commencing Lifeline service in 2009, TracFone has enrolled more than three million customers in its Lifeline program. Most of those customers have qualified based on the program-based criteria. Several of the states where TracFone offers Lifeline (*e.g.*, Missouri) require documentation of program-based eligibility. Most of the states, including those which have their own Lifeline programs, allow ETCs to accept self-certifications of program-based eligibility. TracFone has learned that few applicants are able to produce

[33] *Id.* ¶ 159 ("We seek to balance the need to ensure that the program supports only intended beneficiaries, with the need for administratively workable requirements that do not impose excessive burdens on consumers."). As explained in this section of these comments, requiring documentation of program-based eligibility would not be administratively workable and would, in fact, impose excessive -- and unnecessary -- burdens on low-income consumers seeking Lifeline assistance.

documentation of program-based eligibility. As a result, much lower percentages of Lifeline applicants complete the enrollment process and become Lifeline customers in those full-certification states than in the states which follow the Commission's self-certification under penalty of perjury requirement.

Low-income consumers are often, though not always, transient consumers, and acceptable documentation such as Medicaid cards, Food Stamps, etc. are not in their immediate possession. Mandatory documentation requires consumers to locate those materials -- if they can -- and later send them to TracFone via mail, e-mail, or fax. Since most low-income households do not have computers with broadband access, and of those relatively few that do have Internet access, very few possess scanners, sending documentation of program-based eligibility is not a readily-available option. Similarly, most Lifeline applicants do not have access to fax machines. While some may have access to such machines at their place of employment, it must remembered that, especially in the current environment, many Lifeline applicants are unemployed, and therefore, do not have places of employment.

TracFone and other ETCs experienced firsthand the difficulties of documenting program-based eligibility during the emergency Hurricane Katrina temporary program which ran between November 2005 and June 1, 2006.[34] Displaced hurricane victims were required to provide documentation of Federal Emergency Management Agency ("FEMA") housing assistance in order to qualify for temporary Lifeline benefits. Of those seeking assistance -- and who genuinely needed emergency wireless telephone service -- many did not have in their possession the required FEMA documentation. Whether the fault lied with FEMA (failure to provide a letter) or with the customer (failure to retain the FEMA letter in an accessible place), those

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[34] In the Matter of Federal-State Joint Board on Universal Service, *et al.*, 20 FCC Rcd 16883 (2005).

displaced hurricane victims who could not produce FEMA letters could not receive Lifeline-supported wireless phones and airtime.

TracFone and other ETCs learned from that experience. Requiring persons facing difficult circumstances to produce government-issued documentation of program-based eligibility will preclude many such persons from enrolling. So too should the Commission learn from that experience. While requiring Lifeline applicants to provide documentation of qualifying program participation may have some superficial appeal, in truth, such a requirement would make enrollment significantly more difficult and would discourage qualified households from enrolling in Lifeline.

While the incidence of duplicate enrollment is well-documented, TracFone is aware of no factual support for the proposition that self-certification of program-based eligibility under penalty of perjury has led to significant numbers of unqualified applicants falsely certifying as to their program-based eligibility. Before imposing a mandatory documentation of program-based eligibility requirement, the Commission must have before it evidence that the lack of a documentation of program-based eligibility requirement has caused substantial numbers of unqualified persons being able to enroll in Lifeline and receiving Lifeline support from the USF for which they are not entitled. Imposition of a program-based eligibility documentation requirement unquestionably would complicate the enrollment process and prevent many qualified low-income households from enrolling. Given that reality, the Commission needs more than mere speculation on its part or on the part of the Joint Board that requiring documentation of program-based eligibility would prevent waste, fraud and abuse.

More importantly, data bases which enable ETCs to determine whether applicants for Lifeline service are enrolled in qualifying programs already are available in several states, including, foe example, Maryland, Florida, and Texas. In the Notice, the Commission has proposed a national data base which could be used by ETCs to determine whether an applicant for Lifeline service is enrolled in a qualifying program. While such a data base will not be implemented "overnight," through cooperative efforts of the industry, state governments, and the Commission, such a data base could be implemented and available to ETCs within a relatively short time horizon (perhaps a year to 18 months). With a data base solution to confirming consumers' program-based eligibility soon to be available, the Commission should avoid taking a short-term step which would complicate the enrollment process and deter many qualified low-income households from enrolling in Lifeline.

VIII. Verification Requirements Should Be Nationally Uniform, Applicable on a Nondiscriminatory Basis to All ETCs, and Should Not Impose Undue Burdens on ETCs or Consumers

An important aspect of Lifeline program management is the annual verification process. To ensure that only qualified households continue to receive Lifeline support, the Commission's rules require that ETCs verify annually their Lifeline consumers remain qualified for Lifeline support based on surveying a statistically-valid sample of their Lifeline customer base.[35] One of the ways in which Lifeline has evolved is that it has become more of a national service. ETCs like TracFone and others have implemented their Lifeline programs in multiple states. Unlike traditional local exchange service which has historically been regulated as an intrastate service, wireless services -- Lifeline and otherwise -- are offered by the same providers nationwide subject to national pricing. As increasing numbers of ETCs provide Lifeline on a national basis,

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[35] 47 C.F.R. § 54.410(c)(2). That rule is applicable to the federal default states (*i.e.*, those states which do not have their own Lifeline programs). States with their own Lifeline programs may implement different verification requirements.

it becomes more important that regulations governing the service be nationally consistent to the extent possible.[36]

For that reason, TracFone encourages the Commission to promulgate verification requirements which would be applicable in all states. Accordingly, TracFone supports adoption of a federal rule to establish a minimum threshold for verification sampling. It also agrees with the Notice's proposal that ETCs be required to de-enroll from their Lifeline programs all surveyed customers who fail to respond to verification attempts.[37] Currently, TracFone's policy is to de-enroll from its Lifeline program any customer who does not respond to a request that the customer verify its continuing eligibility. TracFone does that because it believes it to be the responsible, right thing to do, irrespective of the fact that de-enrollment of non-responders is not required. TracFone believes that de-enrollment of non-responders should be required and that the requirement should be applicable to all ETCs.

However, TracFone respectfully opposes suggestions that ETCs be required to survey all of their enrolled Lifeline customers on an annual basis. The Commission must remain mindful of the fact that the annual verification process is time-consuming and costly. Based on TracFone's experience performing verification surveys in numerous states, the average per customer cost of attempting to contact the customer for verification purposes is in excess of $30.00. That amount when multiplied by hundreds of thousands of enrolled customers (in TracFone's case, more than three million) is significant. Moreover, irrespective of the resources an ETC commits to conducting the annual verification surveys, experience has shown that not

[36] Because Lifeline is becoming a national service, rather than a local service, TracFone concurs with the Commission's proposal at paragraphs 239 through 245 of the Notice to reclassify Lifeline from "basic local service" to "voice telephony service."

[37] Notice, ¶ 174.

more than 50 percent of the surveyed customers will respond to requests for verification information. Often the response rate is below 50 percent.

Of those non-responders, a substantial number remain Lifeline-eligible and would continue in the program if they had responded. Nonetheless, TracFone's policy in all states has been to de-enroll non-responders without regard to whether they remain Lifeline-eligible. De-enrollments are expensive to ETCs since they incur significant costs to enroll those customers. In situations like that of TracFone, the company has incurred the cost of providing the customer with a handset. Once de-enrolled, the handset remains the customer's property. For that reason, TracFone, like other ETCs, has every incentive to do all that is reasonably possible to reach those customers and have them verify their continuing eligibility.

For the reasons described in the preceding paragraph, TracFone opposes mandatory annual verification of all Lifeline customers and it similarly opposes proposals which would require certain ETCs to verify all customers if the random sample verification responses are below some specified level. That proposal would impose substantial burdens on ETCs for matters which are out of their control -- the willingness of their Lifeline customers to respond to verification surveys.

Rather, TracFone has an alternative proposal. Among the forbearance conditions imposed by the Commission and other ETCs who have received forbearance from Section 214(e)(1)(A) of the Act is a requirement that those ETCs have each of their Lifeline customers self-certify at the time of service activation **and annually thereafter** that the customer is the head of household and receives Lifeline-supported service only from that ETC.[38] This annual verification requirement was imposed on TracFone and other ETCs subject to forbearance in

[38] TracFone Forbearance Order, ¶ 18.

addition to the requirement applicable to all ETCs that they conduct annual verifications of their customers' continuing Lifeline eligibility based on statistically-valid samples.[39] TracFone petitioned to have that condition modified so as to limit the annual self-certification condition to statistically-valid samples so that the forbearance condition would be consistent with the generally-applicable annual verification requirement. That petition was denied.[40] In denying that modification petition, the Commission (by the Chief, Wireline Competition Bureau) concluded that the annual self-certification condition was necessary to prevent waste, fraud and abuse, specifically, to prevent double recovery of Lifeline support by consumers.[41]

Although the Commission based its conclusion about the continuing need for the additional annual self-certification of all customers requirement on the fact that TracFone and other ETCs subject to the condition provided their Lifeline benefits as free services, the condition was made applicable only to those providers of such services who are not facilities-based and who therefore needed forbearance. Rather than limiting that condition to resale ETCs, TracFone suggests that the condition be promulgated as a Commission regulation applicable to all ETCs, without regard to whether they are facilities-based or resale ETCs and without regard to whether the ETCs provide Lifeline benefits in the form of free services or as discounts off of standard monthly rates for billed services. Such a rule would be nondiscriminatory and competitively neutral and would significantly reduce opportunities for undetected duplicate enrollment pending the availability of a national data base.

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[39] 47 C.F.R. § 54.410(c)(2).

[40] TracFone Wireless, Inc. Petition for Modification of Condition Imposed on TracFone upon Designation as an Eligible Telecommunications Carrier, CC Docket No. 96-45, DA 11-54 (Wireline Comp. Bur. January 11, 2011). TracFone's Petition for Reconsideration is pending.

[41] *Id.* ¶ 5.

IX. Coordinated Enrollment Should Be Encouraged as a Best Practice

TracFone supports the proposal set forth in the Notice that coordinated enrollment should be encouraged as a best practice.[42] As described in the Notice, coordinated enrollment is a mechanism that allows consumers to enroll in Lifeline when they enroll in qualifying public assistance programs. Coordinated enrollment differs from automatic enrollment in which qualifying customers are automatically enrolled in Lifeline when they order telephone service.

There are important differences. In states where there is automatic enrollment, qualifying consumers are enrolled automatically in the Lifeline programs of the ILEC if the consumers have telephone service. Consumers are not asked -- or allowed -- to select another Lifeline provider even if alternative Lifeline services are available in that state. The benefit of coordinated enrollment is that it facilitates and simplifies the enrollment process for qualifying Lifeline customers while leaving to the customer the choice as to whether to enroll in Lifeline and which provider to select. Any state-mandated Lifeline enrollment process (however it is labeled) which bases enrollment on ETC incumbency or which otherwise deprives consumers of selecting the Lifeline providers of their choice would not be competitively neutral and would deprive Lifeline customers of the benefits of an emerging competitive marketplace for Lifeline services.

X. Pro Rata Lifeline Support Should Not Be Required Unless the ETC's Lifeline Benefits are Pro Rated

The Notice asks for comment on a proposal to require ETCs to claim only partial USF support for Lifeline services provided to customers for less than a full month.[43] In situations where Lifeline benefits are provided in the form of discounts off of standard monthly charges, TracFone agrees that Lifeline support should be pro rated for partial months of service. For

[42] Notice, ¶¶ 199-204.

[43] *Id.* ¶¶ 65-67.

example, if an ILEC customer enrolls in Lifeline on April 1 (assuming that the billing cycle matches the calendar month), the customer will be charged the standard monthly service less the Lifeline discount. If the standard monthly charge is $30.00 and the Lifeline discount is $13.50, the customer would be charged $16.50 with the balance of the $30.00 monthly rate covered by Lifeline support. If another customer enrolls in the ILEC's Lifeline program on April 15, the customer would be charged one-half the monthly rate -- $15.00. To allow the ETC to receive a full month's Lifeline support ($10.00) on a $15.00 pro rated monthly charge would result in a windfall to the ETC and would represent a waste of USF resources.

However, not all Lifeline plans are based on discounts off of standard monthly rates. In TracFone's case, Lifeline customers receive a full month's Lifeline benefit no matter when, during the month they enroll. A customer who enrolls in SafeLink Wireless® on April 1 and selects the 250 minute plan (the most popular of TracFone's three Lifeline plans), the customer will receive 250 minutes. If a customer enrolls in the same plan on April 15, the customer will receive 250 minutes. In situations where the Lifeline benefit to the customer is not reduced or pro rated depending on when the customer enrolls, it would be unnecessary and indeed, unfair to pro rate the amount of Lifeline support.

XI. The Level of Lifeline Support Should Not Be Based on Any ETC's Business Model or Technology

The amount of support available to ETCs providing Lifeline service should not be based on the chosen business model of an ETC. Neither should it be based on the technology deployed by an ETC. In the Notice, the Commission makes the rather curious suggestion that reducing available support to certain ETCs could be an important step toward reducing waste in the Lifeline program.[44] Whether or not Lifeline support levels should be based upon ILEC

[44] *Id.* ¶ 248.

subscriber line charges is one question; whether or not some ETCs should receive greater support than other ETCs based on their technologies (*e.g.*, wireline/wireless) or their business models (discounted services/free services) is quite another question.

Providing differing levels of USF support to wireline ETCs than to wireless ETCs would constitute an invidious discrimination and would be the antithesis of competitive neutrality. The proposal to have separate levels of USF support for wireline than for wireless ETCs or separate levels of support for postpaid ETCs than for so-called "prepaid" ETCs is especially inappropriate in view of the fact that their USF contribution obligations are the same. USF contribution levels are based on each carrier's revenues derived from interstate telecommunications services. To require all providers of telecommunications services to contribute at the same levels to the USF but then to differentiate in the amount which ETCs (who, of course, are also USF contributors) would stand the statutory goal of competitive neutrality on its head.

Irrespective of technology or business model, ETCs are limited in the amount of Lifeline benefits they can provide by the amount of available USF support. In the Notice, the Commission states that it is not seeking to limit benefits to low-income households; only that it is seeking to create incentives for carrier efficiency.[45] Limiting the amount of USF support received by certain ETCs based upon their technology deployed or their chosen business model for Lifeline services will not promote carrier efficiency. What it would do is handicap the Lifeline services market and have the Commission select favored and disfavored technologies and business strategies -- a wholly inappropriate role.

The irony here is that it is highly improbable that the Commission would even propose such reforms to USF contribution levels if TracFone and other ETCs offering alternative Lifeline

[45] *Id.* ¶ 250.

programs had not succeeded in implementing those programs and bringing Lifeline benefits to millions of low-income households who did not previously receive Lifeline-supported services. The fact that TracFone has attracted more than three million Lifeline customers is not a result of excessive USF support. Neither is it a result of waste in the program. It is a result of the fact that ETCs like TracFone and others have identified and begun to meet an unfulfilled need. With the current USF support rules in place for years and traditional ETCs failing to provide Lifeline service to nearly 70 percent of qualified low-income households nationwide, no one questioned whether the current USF low-income support levels were appropriate. It was not until new ETCs offering alternative Lifeline programs based on mobility, included service features, all distance calling, and quantities of free service, began to enroll significant numbers of Lifeline customers that the Commission or anyone else questioned whether low-income support from the USF should be different based on differences in ETCs' technologies and Lifeline offerings.

Under the current Lifeline support rules codified at 47 C.F.R. § 54.403, ETCs typically receive $10.00 or less per customer per month (depending on the applicable ILEC subscriber line charges and whether a state has its own Lifeline program). Whether or not based on the sum of Tier 1, Tier 2, and Tier 3, or some other rationale, $10.00 per customer per month is a reasonable level of support. Reducing the levels of support below that amount would limit the Lifeline benefits which ETCs receiving lesser support could provide to Lifeline customers. With the matching funds provided by a state fund or by an ETC itself, that amount enables ETCs to provide monthly Lifeline benefits in the amount of $13.50. That amount hardly seems excessive, given the overall costs of voice telephone service. For these reasons, TracFone respectfully urges the Commission not to establish separate Lifeline support levels based on technology or business model.

XII. The Marketplace, not the Commission, Should Determine Minimum Levels of Lifeline Service

Citing to a resolution of the National Association of State Utility Consumer Advocates (NASUCA), the Notice asks whether the Commission should mandate minimum standards for Lifeline service. Questions regarding Lifeline service standards have been raised so long as there have been ETCs offering Lifeline services other than ILECs, particularly since the advent of wireless Lifeline services. These questions have been raised, in part, due to the intrinsic differences between how wireline local exchange services and wireless services historically have been provided. ILEC service typically provides for unlimited calling within a very limited geographic area -- the local exchange, with every other service subject to additional charges. In contrast, wireless service plans frequently provide specified quantities of usage but with no limits on the geographic scope of the included calling. Also most wireless plans, including all TracFone plans, include vertical features for which ILECs normally impose additional charges, including such features as caller ID, call waiting and voice mail. Given these inherent differences between wireline ILEC service plans and wireless service plans, questions of comparability are inevitable, and not easily answered.

The undeniable fact that the plans are different and are priced differently does not mean that the public interest would be served by imposition of Lifeline requirements which would force ETCs to clone each other's services. All consumers, including low-income consumers receiving Lifeline support, should be able to choose from a variety of Lifeline programs which best meets their needs. Those consumers who need unlimited local calling are likely to select ILEC Lifeline service. Other consumers who place greater importance on mobility, all distance calling, and included features, may select other ETCs' Lifeline programs.

While the proposal to set minimum numbers of included calling minutes may seem tempting, history suggests that the Commission should resist that temptation and allow the marketplace to work. The best example of how the marketplace obviates any need for government-mandated usage minimums is the history of the Lifeline offerings of TracFone and other ETCs.

TracFone was the first ETC to provide a Lifeline plan which offered free minutes of airtime. TracFone's initial program provided for (depending on the specific state) approximately 68 minutes of airtime per month. That amount was derived based on the available Lifeline support (the sum of Tiers 1, 2, and 3 codified at 47 C.F.R. § 54.403). In states where TracFone received the maximum available Lifeline support of $10.00 per customer per month it took that amount, added $3.50 to it, and divided the sum ($13.50) by $0.20 -- TracFone's standard per minute rate for purchased service.

It became apparent that 68 minutes per month might not be sufficient. Two developments caused TracFone to revisit that amount. First, another wireless ETC began to offer Lifeline programs in several states which included 200 free monthly minutes. Second, TracFone increasingly received criticisms of its 68 minute plan from NASUCA and other consumer groups, as well as from state commissions. Those groups asserted that 68 minutes per month was insufficient to meet the telecommunications needs of low-income consumers who rely on Lifeline service. Those developments caused TracFone to reassess its program and conduct a series of market tests. As a result, in August 2010, TracFone modified its program to, among other things, introduce its 250 minute plan -- by far, its most popular Lifeline offering, and the most generous wireless Lifeline program provided by any ETC. Within days of that announcement, competing ETCs increased their plans to include 250 minutes. That was, of course, the result of marketplace forces. Consumers demanded more; one carrier offered more; and competing carriers followed. All this occurred without either the Commission or any state commission establishing minimum service requirements.

As described in the preceding paragraphs, the marketplace -- not regulatory agencies -- should establish service parameters. Any minimum usage threshold established by the Commission in this proceeding would probably become obsolete shortly after its adoption based on marketplace developments.

If, however, the Commission does believe it necessary to establish minimum standards, then TracFone suggests that it establish comprehensive minimum service standards. If some ETCs do not charge extra for long distance, perhaps the Commission should adopt mandatory all distance calling requirements for all ETCs. Similarly, if some ETCs are willing and able to include vertical service features within their Lifeline services, then perhaps the Commission should require all ETCs to do so, and prohibit any ETCs from imposing additional charges on features which some ETCs provide to Lifeline customers without additional charges. What public interest benefit is served by allowing a wireline ETC to collect $10 from the USF and then collect additional undiscounted charges from any Lifeline customer wanting caller ID, call waiting or voice mail, when some ETCs who receive the same $10 are able to provide those important features without collecting additional charges from their Lifeline customers?

XIII. Consumer Outreach by ETCs Should Be Encouraged, but Mandatory Outreach Is Unlikely to Increase Lifeline Participation

Section 214(e)(1)(B) of the Act requires ETCs to advertise their USF-supported services using media of general distribution. However, the Act does not specify how or how much ETCs should advertise or engage in other consumer outreach. Neither should the Commission.

ETCs will effectively market Lifeline service, not because they are required to do so, but because they have incentives to do so. As acknowledged in the Notice, TracFone spent $41 million in advertising during 2010 to promote SafeLink Wireless®.[46] It engaged in extensive advertising not because Section 214(e)(1)(B) requires it to do so, and not because the Commission or any state commission requires it to advertise. It spent $41 million in 2010 because TracFone views Lifeline service as an important part of its business. Through experience, TracFone has learned that if consumers are provided with an invaluable service at an affordable price (in the case of SafeLink Wireless®, free) the service will be attractive to many qualified customers who are aware that it is available. The purpose for the advertising is to create that awareness. If TracFone -- or any other ETC -- did not view Lifeline service as a service which benefits qualified consumers and which can be provided in a profitable manner, it would not invest so heavily in consumer outreach. If the Commission truly is committed to increasing Lifeline participation among low-income households it will establish rules that incentivize ETCs to develop new and innovative Lifeline plans which give consumers real choice. Such incentives will drive those ETCs to conduct meaningful outreach efforts to promote awareness of their services. Mandatory outreach or advertising requirements will not lead to meaningful outreach efforts in the absence of such incentives.

XIV. Link Up Support Should Be Limited to ETCs' Customary Service Commencement Charges -- Charges Which are Imposed on and Actually Paid by All of the ETC's Customers, Lifeline and Non-Lifeline

Much of the focus of the Notice is on steps which could be taken to detect, protect against, and eliminate waste, fraud and abuse of USF resources. Throughout these comments, TracFone has discussed issues where the Commission as well as state commissions need to

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[46] *Id.* ¶ 235.

balance the need for efficient utilization of USF resources, while also not imposing burdensome requirements which would limit the availability of low-income support to those consumers who need that assistance. There is one proposal in the Notice which is a virtual "no brainer" in that it would save significant amounts of USF support being deployed unnecessarily without depriving support to those who need and who are intended to benefit from the low-income programs. That proposal would limit the availability of certain ETCs to receive Link Up support for what are in reality bogus service commencement charges.

TracFone supports the Commission's proposal to define "customary charge for commencing telecommunications service" as the ordinary initiation charge that an ETC routinely imposes on all customers within a state."[47] The issue of ETCs being allowed to recover Link Up support for charges which are not, in fact, customary charges imposed on all customers was raised by TracFone in a 2010 petition.[48] In that petition, TracFone described in detail with examples how certain ETCs are receiving substantial amounts of Link Up support for so-called "customary" activation or service commencement charges which, in fact, neither Lifeline customers nor non-Lifeline customers are required to pay. That petition describes the problem of improper use of Link Up support in detail. Those details and examples will not be repeated here. However, the Commission and parties to this proceeding are referred to that petition.

Allowing receipt of Link Up support from the USF in such circumstances achieves little other than allowing certain ETCs to "game" the system in order to receive "free money" from the USF. Telecommunications carriers who contribute to the USF and their customers who fund those carrier contributions through USF pass through charges should not be required to have

[47] *Id.* ¶ 73.

[48] TracFone Wireless, Inc. Petition for Declaratory Ruling, WC Docket No. 09-197, CC Docket No. 96-45, filed December 1, 2010.

portions of those contributions going to ETCs in such circumstances. More importantly, before the Commission even considers taking steps which would preclude qualified low-income households from obtaining Lifeline support, the Commission should focus its attention on curbing real abuses of the low-income program such as ETCs receiving Link Up support for so-called "customary" service commencement charges not actually imposed on and paid by customers.

XV. TracFone Supports the Establishment of Broadband Pilot Programs Based on Lifeline to Make Affordable Broadband Access Available to Low-Income Households

Finally, TracFone supports the proposal set forth in the Notice to conduct pilot programs to find means for providing affordable broadband service to low-income consumers. As the Commission's National Broadband Plan articulately states, broadband should be available at affordable prices to all consumers, including low-income consumers. TracFone has long recognized that the future of telecommunications in the United States is broadband. For that reason, in October 2008, TracFone petitioned the Commission for establishment of a broadband support pilot program modeled on Lifeline.[49]

In structuring a broadband Lifeline support program, whether on a pilot plan basis or permanent basis, it is important that the Commission recognize that broadband device costs will be a much greater barrier to broadband adoption by low-income households than are telephone costs (wireline or wireless) with respect to voice telephony Lifeline service. Unlike telephone handsets which can be obtained prices in the $10.00 to $30.00 range from various retail outlets, high speed Internet access devices are costly. Whether the device is a desktop computer, a laptop computer, a tablet or a smart phone, unsubsidized prices for such devices would be at least

[49] Petition to Establish a Trial Broadband Lifeline/Link Up Program, filed in WC Docket No. 30-109 and CC Docket No. 96-45, October 9, 2008.

$200 -- probably more. Even with a monthly subsidy to offset the recurring charges for broadband service, meaningful Lifeline adoption levels among low-income households will only be achieved if the device costs can be subsidized to levels which would make them affordable.

Conclusion

For the reasons described in these comments, TracFone respectfully urges the Commission to pursue reform to the low-income programs supported by the federal Universal Service Fund in accordance with the views expressed in these comments.

Respectfully submitted,

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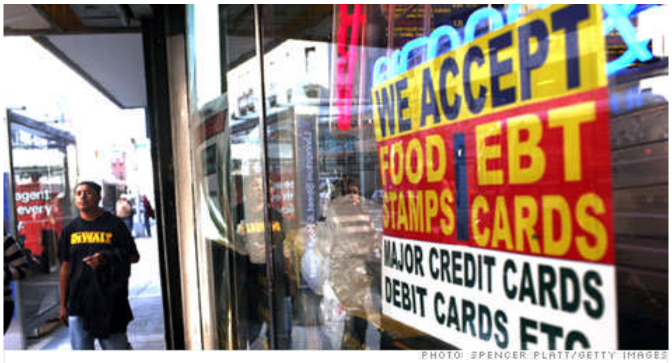
Its Attorneys

April 21, 2011

Attachment

Record number of Americans get government help



A record number of Americans are receiving food stamps.

By Tami Luhby, senior writer April 13, 2011: 12:16 PM ET

NEW YORK (CNNMoney) -- One in six Americans is receiving help from the government, just as fiscal austerity threatens to reduce some of that aid.

Soaring unemployment during The Great Recession has driven tens of millions of people to the dole. Enrollment in Medicaid and food stamp programs are at record highs, while unemployment insurance rolls remain at elevated levels. Many people depend on more than one program.

But as President Obama and lawmakers fiercely debate budget cuts to reduce the country's $14 trillion-plus debt, some of those lifelines could be at risk. House Republicans are looking to revamp and slash funding for many programs, including Medicaid and food stamps.

House budget committee leader Paul Ryan proposed a budget last week that, among other things, would **convert Medicaid and food stamps into block grants** -- a move that some say would reduce benefits for the needy. And on Wednesday, President Obama is expected to push back on Ryan's proposals.

If House Republican plans are approved, millions of people who rely on one or more of those programs could lose access to vital services.

What's at stake

Medicaid: The largest of all safety net programs, Medicaid enrollment for the first time ever topped 50 million in June 2010, the most recent figures available. That's up from 42.3 million in June 2007.

Shrinking Medicaid funds pummel states

The number of people on Medicaid ballooned as unemployed soared. Millions of Americans not only lost their company-sponsored health insurance coverage, but they also saw their incomes evaporate, leaving them eligible for the government health care program, said Robin Rudowitz, associate director at the Kaiser Commission on Medicaid and the Uninsured.

Without Medicaid, more people would go without medical care or would wind up in hospital emergency rooms, she said.

Food stamps: The number of people in the Supplemental Nutrition Assistance Program, known as food stamps, hit a record 44.2 million in January. That's up 4.7 million from the prior year.

Currently, one in seven Americans receive food stamps, the highest share of the population ever to do so, according to the Food Research and Action Center.

Still, one in three people who are eligible for food stamps is not receiving them.

Unemployment insurance: More than 8.4 million people are collecting either state or federal jobless benefits. While enrollment is down from its peak of 12 million early last year, it is still more than double the number it was when the recession began in late 2007.

Some 3.9 million exhausted their extended unemployment benefits last year, said George Wentworth, senior staff attorney at the National Employment Law Project. But the number of **initial jobless claims** has also declined as the economy improves.

The swollen rolls in these and other safety net programs won't last forever, say advocates for the poor. Once the economy recovers, they will shrink.

"When more people have jobs, enrollment in these programs will start coming down," said LaDonna Pavetti, vice president for family income support at the Center on Budget and Policy Priorities. ■

Now for the real budget war

Tax the rich! OK, but then what, Mr. President?

Debt reduction: The voters are ready. Is Washington?

First Published: April 13, 2011: 10:48 AM ET

Markets

US Indexes | Market Movers

Markets	Last	Change	% Change
Dow	12,426.86	160.11	1.31%
Nasdaq	2,792.19	47.22	1.72%
S&P 500	1,329.18	16.56	1.26%
Treasuries	3.38	0.02	0.72%
U.S. Dollar	1.45	0.02	1.34%

Data as of 9:39am ET

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